

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-59 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 AGR-01 STR-07 SS-15  
L-03 /145 W  
-----013260 141522Z /43

P R 132135Z APR 78  
FM AMEMBASSY PORT AU PRINCE  
TO SECSTATE WASHDC PRIORITY 8074  
INFO AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE SECTION 1 OF 3 PORT AU PRINCE 1434

SANTO DOMINGO FOR AGATT

E.O. 11652: N/A  
TAGS: EAID, HA  
SUBJ: FY 78 PL 480 TITLE I PROPOSAL FOR HAITI

REF: A. 77 PORT AU PRINCE 3685, B. STATE 082111,  
C. 77 PORT AU PRINCE 1229

SUMMARY.

MISSION PROPOSES "BRIDGE" FY 78 TITLE I AGREEMENT FOR 30,000  
MT WHEAT, 5,000 MT OIL AND 10,000 MT RICE. IN VIEW SHORT  
TIME REMAINING IN FY 78 FOR COMMODITY DELIVERY, MISSION REQUESTS  
THAT REVIEW PROCESS FOR PROPOSAL BEGIN AT ONCE, SO AGREEMENT  
CAN BE SIGNED END APRIL.

1. REF A TRANSMITTED REQUEST FROM GOH FOR FY 1978 TITLE I  
PROGRAM. RESPONSE BY THIS MISSION TOOK FORM OF A TITLE III  
PROPOSAL WHICH WAS PRESENTED FOR WASHINGTON REVIEW AT END OF  
LAST NOVEMBER. THIS PROPOSAL WAS APPROVED FOR NEGOTIATION  
BY REF B MARCH, 1978. WITH HALF OF FY78 GONE, IT IS OBVIOUS  
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THAT INTRICATE TITLE III NEGOTIATIONS CANNOT BE COMPLETED FOR  
IMPLEMENTATION IN FY 78, AND TITLE III TARGET IS NOW FOR  
IMPLEMENTATION AT START OF FY 79, SO BRIDGE TITLE I AGREEMENT  
FOR FY 78 NEEDED AS PER REF C. IF TITLE III NEGOTIATIONS  
SHOULD BE UNSUCCESSFUL BECAUSE OF UNWILLINGNESS GOH TO  
UNDERTAKE ESSENTIAL REFORMS, WE WOULD WISH TO REVIEW ENTIRE  
U.S. ECONOMIC ASSISTANCE PROGRAM, INCLUDING TITLE I, FOR

FUTURE FISCAL YEARS. THUS, NEGOTIATION OF TY 78 PL 480 TITLE I AGREEMENT, WHICH WE REGARD AS CONTINUATION OF PAST TITLE I PROGRAM, WILL NOT IMPLY THAT GOH CAN AUTOMATICALLY COUNT ON TITLE I AGREEMENT IN FUTURE FISCAL YEARS.

2. IT THERE IS TO BE A MEANINGFUL "BRIDGE" TITLE I AGREE-  
MENT FOR FY 78 TO CONNECT TITLE I PROGRAMS OF THREE PREVIOUS  
YEARS TO FY 79 TITLE III, IT WILL HAVE TO BE NEGOTIATED AND  
SIGNED VERY PROMPTLY -- BY END APRIL -- SO THAT SHIPMENTS  
CAN BE SCHEDULED FOR LAST THREE MONTHS OF THIS FISCAL YEAR.  
PROBLEM IS PARTICULARLY ACUTE FOR FLOUR MILL WHICH REQUIRES  
LONG LEAD-TIME IN PLACING ORDERS. ACCORDINGLY, WE WISH TO  
START REVIEW PROCESS NOW, SO THAT DEADLINE FOR SIGNING  
CAN BE MET.

3. MISSION RECOMMENDS FOLLOWING TITLE I PROGRAM:

COMMODITIES	QUANTITY	APPROXIMATE VALUE
	(0000)	
1. WHEAT	30,000/MT	\$3,600
2. VEG. OIL	5,000/MT	2,900
3. RICE	10,000/MT	4,000
		\$10,500

THIS IS IDENTICAL IN QUANTITY TO THE TITLE I AGREEMENT OF  
NOV. 1976 AS AMENDED EXCEPT THAT CORN IS NOT INCLUDED. AMOUNTS  
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HAVE BEEN CHOSEN AFTER CONSULTATIONS WITH GOH AUTHORITIES AND  
FIELD INSPECTION OF RICE GROWING AREA. DESPITE IMPROVED WEATHER  
THIS YEAR AND LARGER RICE AND SMALL GRAIN CROPS WHICH REDUCE  
DEMAND FOR WHEAT AND RICE IMPORTS, HAITI REMAINS A FOOD  
DEFICIT COUNTRY WITH A LOW LEVEL OF NUTRITION. PRIOR PL 480  
RICE HAS BEEN SOLD AT 22CENTS/LB., WELL OVER PURCHASE PRICE,  
WHILE FLOUR TAXES OF \$4.37 PER 100 LB. LAG RAISE PRICE TO  
PUBLIC, SO THAT IMPORTS HAVE NOT PRESENTED A DISINCENTIVE TO  
LOCAL PRODUCTION OF GRAIN AND RICE. THIS IS EXPECTED TO  
CONTINUE IN THE FUTURE. THERE IS ONLY NOMINAL LOCAL PRODUCTION  
OF COTTON SEED OIL (LESS THAN 100 MT PER YR) AND NO OTHER  
VEGETABLE OIL PRODUCTION, SO VEG OIL IMPORTS DO NOT HAVE  
DISINCENTIVE EFFECTS. NO WHEAT IS GROWN IN HAITI.

4. BALANCE OF PAYMENTS: FY 76-77 WAS A SATISFACTORY YEAR FOR  
HAITI, WITH NET INTERNATIONAL RESERVES INCREASING \$10 MILLION.  
AN IMF BALANCE OF PAYMENTS ESTIMATE MADE LAST DECEMBER, THE  
MOST RECENT AVAILABLE, PROJECTED NO CHANGE IN NET RESERVES  
IN FY 1978 ON THE BASIS THAT NET PUBLIC AND PRIVATE  
TRANSFERS WOULD REMAIN LARGE AND THAT COFFEE EXPORTS WOULD  
AMOUNT TO 360,000 SACKS AT \$198 PER SACK. COFFEE PRICES IN  
1977-78 TO DATE ARE CONSIDERABLY LOWER. WE NOW BELIEVE IT

MORE LIKELY THAT HAITI WILL EXPORT ONLY 300-315,000 SACKS  
THIS YEAR, THAT EXPORT RECEIPTS WILL BE BELOW THOSE PROJECTED  
BY THE IMF AND THAT THE TRADE DEFICIT WILL CONTINUE TO  
GROW. IN THESE CIRCUMSTANCES, HAITI'S BALANCE OF PAYMENTS  
WILL REMAIN FRAGILE EVEN IF THE HIGH LEVEL OF TRANSFERS  
CONTINUES.

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-59 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 AGR-01 STR-07 SS-15  
L-03 /145 W  
-----013609 141522Z /43

P R 132135Z APR 78  
FM AMEMBASSY PORT AU PRINCE  
TO SECSTATE WASHDC PRIORITY 8075  
INFO AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE SECTION 2 OF 3 PORT AU PRINCE 1434

SANTO DOMINGO FOR AGATT

HAITI BALANCE OF PAYMENTS  
(MILLIONS - U.S. DOLLARS)  
PRELIM. PRELIM. EST.  
1976 1977 1978

EXPORTS FOB	111.9	131.9	143.8
IMPORTS FOB	-158.6	-188.0	-207.8
TRADE BALANCE	-46.7	-56.1	-64.0
SERVICES (NET)	-31.7	-30.0	-33.0
PRIVATE TRANSFERS	31.2	32.0	32.0
CURRENT ACCT. BAL	-47.2	-54.1	-65.0
CAPITAL ACCT. AND			
PUBLIC TRANSFERS	65.9	64.8	65.0
PRIVATE CAPITAL	5.8	2.0	2.0
PUBLIC CAPITAL	26.2	25.4	26.0
PUBLIC TRANSFERS	33.9	37.4	37.0
CHANGE IN RESERVES	18.7	10.7	--

MEMO:

COFFEE EXPORTS  
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VOLUME (60 KILO SACKS)	447,000	265,000	300,000
PRICE PER SACK (&)	98.40	244.70	198.00
VALUE	44.0	64.8	59.4

SOURCE: BNRH/IMF

5. WHEAT. IN FY 77 HAITI IMPORTED 98,970 MT OF WHEAT AND 11,343 MT OF FLOUR, EXCLUDING TITLE II AND OTHER WHEAT FLOUR DONATIONS FOR DIRECT DISTRIBUTION. (TITLE II SF BULGAR, WSB AND SF FLOUR IMPORTS TOTALLED 11,592 MT). TITLE I WHEAT IMPORTS WERE 33,612 MT. FOR FY 78,, THE MINOTERIE EXPECTS TO IMPORT 93,000 MT OF WHEAT AND ABOUT 5,000 MT OF FLOUR, AND YEAR-END STOCKS WILL BE UP 5,400 MT. SINCE FY 78 WHEAT IMPORTS INCLUDE 9,900 MT RECEIVED OCT 6 AND SHIPPED IN FY 77, ACTUAL STOCK LEVEL WILL BE LITTLE CHANGED. THIS REFLECTS A FALL IN DEMAND FOR FLOUR BECAUSE OF BETTER CROPS IN HAITI OF SMALL GRAINS, AS WELL AS THE SALE THIS FY ON THE OPEN MARKET OF 4,000 MT OF DONATED FRENCH FLOUR. THE MINOTERIE HAS HELD ROOM OPEN FOR IMPORTS OF UP TO 30,000 MT OF TITLE I WHEAT AT THE END OF THIS FISCAL YEAR IN JULY, AUGUST AND SEPTEMBER, BUT MUST PLACE ALTERNATE ORDERS IF TITLE I IS NOT FIRM BY THE END OF APRIL. THE MINOTERIE WILL HAVE ADEQUATE STORAGE FOR PL 480 WHEAT IMPORTED ON THIS SCHEDULE. THE FOLLOWING TABLE SHOWS CONCESS- IONAL, COMMERCIAL AND TOTAL WHEAT AND FLOUR (WHEAT EQUIVALENT BASIS) IMPORTS FOR FY 1973 THROUGH FY 1978 (EST.). FY 1976 INCLUDES THE TRANSITION QUARTER. DATA ARE IN METRIC TONS. TABLE IS BASED ON HAITIAN, IWC, AID AND USDA DATA.

#### WHEAT AND WHEAT FLOUR

	1973	1974	1975	1976	1977	1978(EST)
CONCESSIONAL	3,000	5,147	22,727	47,312	45,204	46,294
COMMERCIAL	69,572	67,447	60,869	108,545	80,388	70,034
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TOTAL	72,572	72,594	83,596	155,857	125,592	116,328
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6. VEGETABLE OIL. A LATE MARCH SURVEY OF HAIAN REFINERS SHOWED THEIR ESTIMATES OF YEARLY COMMERCIAL DEMAND AT 16,000 TO 18,000 MT PER YEAR AND CURRENT PRODUCTION AT ABOUT 17,000 MT PER YEAR. IN FY 77 VEG OIL DONATIONS INCREASED TO 1,500 MT BECAUSE OF DROUGHT RELIEF FEEDNG. THIS FISCAL YEAR TO MARCH 20, 6,128 MT OF SEMI-REFINED OIL HAS BEEN IMPORTED, AND 4,083 MT WERE

ON ORDER. STOCKS WERE 748 MT. ASSUMING YEAR-END FY 78 STOCKS WILL BE EQUAL TO THE START OF THE YEAR, ADDITIONAL IMPORTS OF 6,780 MT WILL BE NEEDED. AFTER ALLOWING FOR COMMERCIAL ORDERS PLACED IN LATE MARCH AND EARLY APRIL, THE REFINERS WILL BE ABLE TO USE 5,000 MT OF OIL IF THE AGREEMENT IS FIRM BY THE END OF APRIL. STORAGE CAPACITY FOR OIL HAS RECENTLY BEEN INCREASED AND IS NOW OVER 11,000 MT, AND IS ADEQUATE FOR IMPORTS. THE FOLLOWING TABLE SHOWS CONCESSIONAL, COMMERCIAL AND TOTAL VEG OIL IMPORTS FOR FY 1973 THROUGH FY 1978 (ESTIMATED). 1973 AND 1974 ARE CY; OTHERS ARE FY. FY 1976 INCLUDES THE TRANSITION QUARTER. DATE ARE IN METRIC TONS.

VEG OIL

	CY	CY	FY	FY	FY	FY	FY
	1973	1974	1975	1976	1977	1978 (EST)	
CONCESSIONAL	513	762	540	4,212	6,765	6,090	
COMMERCIAL	7,908	8,706	11,060	12,500	12,110	12,000	
TOTAL	8,421	9,468	11,600	16,712	18,875	18,090	

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-59 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 STR-07 SS-15 L-03  
/144 W

-----013960 141521Z /43

P R 132135Z APR 78  
FM AMEMBASSY PORT AU PRINCE  
TO SECSTATE WASHDC PRIORITY 8076  
INFO AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE SECTION 3 OF 3 PORT AU PRINCE 1434

SANTO DOMINGO FOR AGATT

7. RICE. THE SUPPLY AND DISTRIBUTION TABLE FOR RICE IS PROVIDED BELOW. THE 1977 DROUGHT DECREASED PRODUCTION OF RICE AND OTHER GRAINS AND INCREASED DEMAND FOR IMPORTED RICE. HIGH COFFEE PRICES TO RURAL PRODUCERS MAY ALSO HAVE STIMULATED DEMAND. TOTAL IMPORTS OF 49,800 MT INCLUDED 8,000 MT OF PL 480

RICE WHICH ARRIVED IN LATE FY 77. MOST WAS UNSOLD WHEN FY 78 STARTED, BUT SINCE HAS SOLD STEADILY WITH AT END MARCH ONLY 635 MT REMAINING, AND EXPECTED TO BE SOLD IN APRIL. GOH HAS ORDERED 100,000 SACKS OF RICE (4,535 MT) COMMERCIALY FOR EARLY DELIVERY BEFORE THE JUNE-JULY RICE HARVEST IN THE ARTIBONITE VALLEY -- THE ARTOBONITE PRODUCES ABOUT 90 PERCENT OF HAITIAN RICE. VALLEY HAS TWO RICE HARVESTS -- DECEMBER-JANUARY WITH ABOUT 2/3 OF PRODUCTION AND JUNE-JULY WITH 1/3. CONTINUED STRONG SALES OF PL 480 RICE DESPITE GOOD DECEMBER-JANUARY LOCAL HARVEST INDICATE NEED FOR FURTHER IMPORTS. MISSION PLANS TO WORK CLOSELY WITH GOH IN REQUESTING PA'S FOR RICE IN ORDER TO AVLID ANY DISRUPTION OF MARKET. ALL DATA IN TABLE ARE ON OCT-SEPT FY BASIS EXCEPT IMPORTS FROM US PRIOR TO 1977 WHICH ARE CALENDAR YEAR. HAITI DOES NOT EXPORT RICE. NO ESTIMATES ARE PROVIDED FOR BEGINNING OR ENDING STOCKS  
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BECAUSE DATAARE NOT AVAILABLE (EXCEPT YEAR-END FY 77 PL 480 STOCKS) AND IN ANY CASE ARE NOT BELIEVED TO BE SIGNIFICANT.

#### RICE SUPPLY AND DISTRIBUTION (METRIC TONS)

1972-3 1973-4 1974-5 1975-6 1976-7 1977-8

#### BEGINNING

STOCKS -- -- -- -- -- 7,000

#### PRODUCTION

(PADDY) 70,000 85,000 88,000 92,000 56,000 105,000

#### PRODUCTION

(MILLED) 45,500 55,250 57,200 59,800 36,400 68,250

#### IMPORTS

(TOTAL) 5,400 800 4,450 11,450 49,800 14,630

#### IMPORTS

(U.S.) 4,907 100 4,112 10,919 39,910 10,095

#### TOTAL

SUPPLY 50,900 56,050 61,650 71,250 86,200 89,880

CONSUMPTION 36,900 39,050 44,050 52,850 67,000 62,000

#### LOSSES & ON

#### FARM CONSUMP-

TION 10,000 17,000 17,600 18,400 11,400 21,000

EXPORTS -- -- -- -- --

#### ENDING

STOCKS -- -- -- -- 7,000 6,880

FOLLOWING IS BREAKDOWN OF IMPORTS OF RICE BY COMMERCIAL AND CONCESSIONAL CLASSIFICATION FOR FY 1973 THROUGH FY 1978 (ESTIMATED).

DATE ARE IN METRIC TONS.

1973 1974 1975 1976 1977 1978 (EST)

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CONCESSIONAL	--	93	925	5	11,657	10,000
COMMERCIAL	5,400	707	3,525	11,445	38,143	4,630
TOTAL	5,400	800	4,450	11,450	49,800	14,630

8. MISSION RECOMMENDS THAT OTHER TERMS OF AGREEMENT FOR FY 78 SHOULD BE SAME AS FOR FY 77 AGREEMENT, INCLUDING UMR'S, SINCE HIGH FY 77 IMPORTS LEVELS WERE RESULT OF DROUGHT AND CROP FAILURES IN HAITI. SUPPLYING THE REQUESTED COMMODITIES WILL PROVIDE NO SIGNIFICANT DISINCENTIVES TO LOCAL PRODUCTION. ADEQUATE HANDLING, STORAGE AND DISTRUBUTION FACILITIES EXIST FOR REQUESTED COMMODITIES.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** PL 480 TITLE 1, FOREIGN ASSISTANCE AGREEMENTS, NEGOTIATIONS, AGRICULTURAL COMMODITIES, ECONOMIC DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 apr 1978  
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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**From:** PORT AU PRINCE  
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**Message ID:** a85da1b0-c288-dd11-92da-001cc4696bcc  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FY 78 PL 480 TITLE I PROPOSAL FOR HAITI  
**TAGS:** EAID, HA, US  
**To:** STATE  
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